

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 1st Meeting of the 2003 Calendar Year

June 16, 2003

The 1st meeting of the Capital Planning Advisory Board (CPAB) of the 2003 calendar year was held on Monday, June 16, 2003, at 10:00 AM, in Room 113 of the Capitol Annex. Representative Perry Clark, presiding Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Albert Robinson, Co-Chair; Representative Perry Clark, Co-Chair; Senator Paul Herron Jr.; Representative Ron Crimm; James Deckard; Bill Hintze; Lou Karibo; Cicely Lambert; Glenn Mitchell; Laurel True; and Garlan Vanhook.

Guests: Armond Russ, Commissioner, Department for Facilities Management, Finance and Administration Cabinet, and Rick Martin, OnLine, Inc.

LRC Staff: Pat Ingram, Staff Administrator; Mary Lynn Collins; Nancy Osborne; Dawn Groves; and Ben Brammer.

Representative Clark welcomed newly-appointed members Senator Paul Herron, Representative Ron Crimm, and Mr. Ben Fletcher, and noted that Mr. Laurel True has been reappointed to the Board for another term.

Representative Clark noted that as a result of Senate Bill 221, which passed the 2003 General Assembly, the Board now has appointed co-chairs rather than electing its own chair and vice chair. Senator Robinson commended Representative Clark on a job well done with the Board and said he looked forward to their working together as co-chairs.

Senator Herron's motion to approve the minutes of the December 19, 2002 meeting was seconded by Mr. True and approved by voice vote.

Representative Clark asked CPAB Staff Administrator Pat Ingram to review the agenda item included in members' folders concerning actions of the 2003 General Assembly. Ms. Ingram reported the enactment of one of the bills that had been based on CPAB recommendations in its *2002-2008 Statewide Capital Improvements Plan*. House Bill 43 updated and put into statute the definition of an information technology system

for capital planning and capital budgeting purposes. Ms. Ingram also noted the passage of two other capital-related bills - Senate Bill 39 and House Bill 54.

Ms. Ingram then reviewed information about the enacted 2002-04 capital budget for the Executive Branch. She noted that the \$38 million appropriation of state cash included \$26 million for the agency maintenance pools. The \$622 million authorization of state-supported bonds is primarily for grant and loan programs with the majority of the funds going to the School Facilities Construction Commission and the Kentucky Infrastructure Authority. Ms. Ingram also cited the reduced balances of the three statutory capital projects pools since the end of FY 2001/02, which had occurred due to various actions including transfers and appropriations from them in the 2002-04 budget. Lastly, she noted that the 2002-04 budget does appropriate approximately \$30 million to the Budget Reserve Trust Fund.

Mr. True asked if any other area in state government besides the Department of Parks was using renovation funds for ongoing operations. Ms. Ingram said the Parks Capital Maintenance and Renovation Pool, for which this authorization was provided, is unique in that it is established by statute, and the statute specifying that the pool is for projects costing less than \$400,000 has been suspended for this budget period only.

Representative Clark next asked Ms. Ingram to give an overview of the planning process. After noting that a copy of the slides was included in the members' folders, Ms. Ingram explained that the planning process encompasses construction, equipment, and information technology projects, as well as grant and loan programs included in the capital budget. She noted that the state's existing physical plant has a value of approximately \$3.8 billion dollars. Ms. Ingram said the timetable for the planning process revolves around the statutory April 15 due date for agency plan submissions and the statutory November 1 due date for completion of the Board's statewide plan. She explained that the statewide plan has traditionally included both policy recommendations and project recommendations.

Ms. Ingram next reviewed the required contents of the agency plans, as stated in the agency capital planning instructions, which were approved by the Board in December 2002. The Background Section includes a narrative describing the agency mission and programs and a narrative describing how the agency handles its facilities management function. It also includes information on capital-related reports or studies completed by the agency, data on the agency's physical plant (owned and leased space), and status reports on recently completed or ongoing agency capital projects. The Plan Section includes a narrative overview, information on proposed capital projects, and information on other space needs or space reductions anticipated by the agency. The major item in the Ancillary Records Section is a report of minor projects needs of agencies that administer state-owned space.

Ms. Ingram presented a proposed CPAB meeting schedule calling for a two-day meeting (July 31 and August 1) to review most of the agency plans, another August meeting to review the plans of agencies that administer grant/loan programs, and meetings in September and October in order to develop and finalize the statewide plan by November 1.

Lastly, Ms. Ingram summarized the project evaluation/scoring criteria that were also approved by the Board in December. Using these criteria, CPAB staff will review and assign points to capital construction projects proposed for 2004-06 that would be financed in whole or in part from the General Fund (cash or bonds). The criteria are critical life safety or critical legal liability; protecting investment in plant; safety concerns, security issues, and other government mandates; cabinet/agency priority; user/non-state financing; use; relationship to prior authorized projects; savings or efficiencies; and other factors.

Representative Clark asked if there was a motion to request – as has been the Board’s past practice – recommendations from the Council on Postsecondary Education (on projects submitted by the postsecondary institutions) and from the state’s Chief Information Officer (on information technology projects submitted by the agencies). Mr. True’s motion to request these reports was seconded by Mr. Mitchell and passed by a roll call vote (10 Yeas, 0 Nays, 0 Pass).

Noting that the Board has long supported having comprehensive information on all facilities and land owned and/or leased by the Executive Branch and that the 2002 General Assembly enacted legislation requiring the establishment of such a database, Representative Clark introduced Department for Facilities Management (DFM) Commissioner Armond Russ to provide an update on the status of that project.

Commissioner Russ introduced Rick Martin, of OnLine Inc., to assist with the presentation and noted that the members have been provided a copy of the slides that will be shown. Commissioner Russ noted that the database system Kentucky has decided to use is called Archibus and that OnLine Inc. has been contracted with to assist Kentucky in implementing the system. He then reviewed the major components of the system that initially will be used in Kentucky. The four modules are Space Management, Real Property and Lease Management, Building Operations, and Design Management and CAD Overlay. He noted the Furniture and Equipment Management module is not being implemented since that information is captured for the Executive Branch in the Management and Administrative Reporting System (MARS). The Administrative Office of the Courts, which also uses Archibus, does use the Furniture and Equipment module.

According to Commissioner Russ, future modules under consideration for implementation are Telecommunications and Cable Management, Strategic Master Planning, Room Reservations (for meeting space), Hoteling (sharing of workspaces), and

Emergency Preparedness (coordination of fire, police, medical, hazardous materials response information). He said the use of a Web Central module is being considered for data entry as well as to allow report retrieval for entities that do not require full access to the system.

Commissioner Russ said a Capital Construction module is also to be implemented in Fall 2003. This is not part of the Archibus software, but has been developed by OnLine, Inc. initially for use by the State of Tennessee. Mr. Martin explained that the module tracks capital construction projects from the time of need identification through the one-year warranty period closeout. This includes project approvals, funding, design, bid management, and construction management. Commissioner Russ said Kentucky now tracks all of this data, but it is done by a variety of different agencies. This would consolidate the information in a single location.

Commissioner Russ next discussed the funding for Archibus. The initial authorization in the 2000-2002 budget was \$340,000 from restricted funds to begin implementing the database. Two additional staff positions were authorized in the Division of Real Properties, which is where facilities information is handled in the Department. However, Commissioner Russ noted that due to budget cuts, the number of staff has actually decreased by two positions.

Commissioner Russ said the personal service contract with OnLine, Inc., the technical consultants who are helping implement Archibus, is for \$160,000 with \$94,500 having been expended to date. He noted that this is for implementation within the Department for Facilities Management only. There is also a master agreement in place for purchase of the Archibus software by other state agencies. Software expenditures have been \$25,232 thus far, with additional purchases being necessary for expanded implementation within DFM. Commissioner Russ said there are no plans for the Department to fund consulting and implementation services or software purchases for other state agencies.

Regarding the project timeline, Commissioner Russ said since July 2002, DFM has implemented the Space Management, Real Property and Lease Management, and the Design Management and CAD Overlay modules in the Division of Real Properties. This has gone well and included moving data from an existing database to the new system. Commissioner Russ said they are currently implementing the Building Operations module in DFM's Divisions of Building Services and Mechanical Maintenance and Operations. This tracks small projects that do not go through the formal capital construction approval process, but for which information needs to be maintained in order to analyze how much is being spent on operations and maintenance. He said the Capital Construction module should also be in place by early 2004.

Commissioner Russ said no planning has yet been done regarding expansion of the system to other agencies. One issue is that DFM is not equipped to be trainers. As such, DFM is looking to partner with someone to provide that service. To begin implementing the system in other agencies in Summer 2004, DFM will have to provide agencies with cost estimates if funding is to be handed on a decentralized basis. He noted that costs of implementing the new statewide financial system in the late 1990's (MARS) were captured as single major project expense rather than being the responsibility of individual agencies.

Commissioner Russ said it is difficult at this time to project the level of staffing and funding that may be needed to fully implement Archibus. However he said agencies cannot be left completely on their own; some type of umbrella agency or group will be required to provide technical expertise and ensure consistency of the data.

Commissioner Russ said little effort has been made to determine how Archibus will interface with databases maintained elsewhere. For example, MARS tracks furniture and equipment, the Department of Insurance has a database for insurance of state-owned buildings, and other databases also exist (e.g., at the universities) that will need to be crosswalked into Archibus.

Commissioner Russ emphasized that DFM fully supports Archibus. It will improve decision-making and will improve planning for state facilities, especially beyond the six-year period. He said the Department recommends Archibus for as many agencies as can adopt it. Commissioner Russ reviewed information in the handout about the pricing of Archibus modules and directed the Board to the Archibus website for more information.

In response to Representative Crimm's question, Commissioner Russ said information in Archibus will include the identification of state buildings, information on their location, and information about all repairs to those buildings. He noted there is an issue of security and ensuring that too much information is not available to those who do not need it.

Mr. True asked if the state maintains a depreciation schedule on every state-owned building and whether it is possible to project needed repairs. Commissioner Russ said there is no depreciation schedule. Currently, repairs can be projected only by using a manual process. Archibus will allow such projections and reports to be generated much more easily. Mr. True stated that the inability to do this now is why there is so much deferred maintenance. He strongly urged that this portion of Archibus be brought online as soon as possible.

Mr. Vanhook stated DFM is doing a good job on the Archibus project and stressed that it will be a huge benefit to state government once implemented. He said the

Administrative Office of the Courts is also making progress daily in bringing the system online for the Judicial Branch.

Representative Clark asked Mr. Russ about the short-term savings resulting from actions recommended in the Space Utilization Study, which was undertaken in 2003. Commissioner Russ said they are still collecting information on the short range actions that have been taken to better utilize space. It should be available for the next Board meeting. He said the intermediate actions were to have results by the end of the current biennium. They initially focused on consolidating agency offices within counties if the increased costs could be recovered by the end of the biennium. This effort is still in progress; however, due to the moratorium on leasing, new leases can be implemented only if the costs will be less immediately rather than by the end of the biennium. Commissioner Russ reminded members that the long-range actions identified in the study involved potential regionalization and that no action in that regard was anticipated.

Representative Clark reminded the Board that the next meeting to review the agency capital plans is scheduled for July 31 and August 1 at the Conference Room of the Council on Postsecondary Education.

There being no further business, the meeting adjourned at 11:20 a.m.